

# Fiscal Note

*Fiscal Services Division*



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**SF 236** – Home and Community-Based Services Reimbursement (LSB1680SV)  
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Fiscal Note Version – New

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## **Description**

**Senate File 236** requires the Department of Human Services to work with Psychiatric Mental Institutions for Children (PMIC) providers to develop a new reimbursement methodology that is acuity-based. The new methodology is to be implemented July 1, 2011. For FY 2010 and FY 2011, the Department is required to set a new maximum daily rate for PMIC providers of \$182.27. This is based on 103.0% of the patient-day weighted State average cost.

The Department is also required to submit a State Plan Amendment to the Center for Medicare and Medicaid Services (CMS) to receive federal financial participation for 100.0% of the cost of incurred for the State PMIC at Independence. The total daily State cost to operate the PMIC at Independence is \$320.23. Currently the State only receives federal financial participation up to the \$167.19 cap and pays for the difference with 100.0% State funds.

## **Assumptions**

- The current maximum allowed PMIC daily rate is \$167.19. Under the legislation this would increase to \$182.27. This cap does not apply to the State PMIC at Independence.
- Not all providers will qualify for the maximum reimbursement. Some providers will still be below the cap and will be reimbursed at their cost.
- There are approximately 400 PMIC beds in the State.
- At the Independence PMIC the difference of \$153.04 per bed day will qualify for federal financial participation for 2,400 bed days.
- By increasing PMIC rates it is expected that providers can offer additional services to reduce more costly out-of-State placements.
- The State share of the Federal Medical Assistance Percentage (FMAP) for FY 2010 and FY 2011 is projected to be 36.71%.

## **Fiscal Impact**

Increasing the maximum daily rate for PMIC providers is expected to cost the State \$810,000 for FY 2010 and FY 2011. The increased rate will be offset by a savings of \$780,000 from drawing additional federal matching funds and a savings of \$30,000 by avoiding more costly out-of-State placements.

The net effect of this Bill is no fiscal impact.

## **Sources**

Department of Human Services

/s/ Holly M. Lyons

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March 3, 2009

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), [Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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